

Items of Interest for 2008

You May Now Pay Income Tax by E-Check or Credit Card

You may pay your personal income taxes by e-check or credit card. This option is available to electronic and paper filers. You may use an e-check or credit card to pay any of the following:

- Your quarterly estimated payment
- The amount due on the original income tax return
- A payment made with your extension request
- The amount due on an amended return
- Any notice issued to you by the department for a tax-due amount

When you pay your estimated income tax by e-check or credit card, you are not required to file a coupon (Form 140ES).

If you make an extension payment using an e-check or credit card and you are filing under a federal extension, you do not need to file a paper extension request (Form 204).

For more information about paying by e-check or credit card, visit our web site at www.azdor.gov.

Electronic payment from your checking or savings account

You can make an electronic payment from your checking or savings account to pay your balance due for 2008. There is no fee to use this method. To make an electronic payment, go to www.aztaxes.gov and click on the "Make a Payment" link. The "E-Check" option in the "Payment Method" drop-down box will debit the amount from the checking or savings account that you specify.

Credit card payment

You can pay with your Discover, MasterCard, Visa, or American Express credit card. Go to www.aztaxes.gov, click on the "Make a Payment" and choose the credit card option. This will take you to a third party vendor site. The provider **will charge** you a convenience fee based on the amount of your tax payment. The service provider will tell you what the fee is during the transaction; you will have the option to continue or cancel the transaction.

You May Now E-File Your Arizona Extension Request

Leave the paper behind and e-file your Arizona extension request. Visit www.azdor.gov for e-file requirements.

The Standard Deduction is Indexed for Inflation

For 2008, the standard deduction for a single taxpayer or a married taxpayer filing a separate return has increased from \$4,373 to \$4,521. The standard deduction for a head of household or a married couple filing a joint return has increased from \$8,745 to \$9,042.

New Subtraction for Contributions to 529 College Savings Plans

For taxable years 2008 through 2012, you may take a subtraction for amounts contributed to 529 college savings plans during the taxable year. You may subtract the amount you contributed during the year up to a total of \$750 (\$1,500 for a married couple filing a joint return). If you are married

filing separate returns, either you or your spouse may take the subtraction, or you may divide the subtraction between you. The total subtraction allowed to both you and your spouse cannot be more than \$1,500.

New Addition for Nonqualified Withdrawals From 529 College Savings Plans

You must make an addition to income if you received a nonqualified withdrawal from a 529 college savings plan and the withdrawal was not included in your federal adjusted gross income. The amount that you must add is the amount withdrawn, but no more than the difference between the amount of contributions subtracted in prior years and the amount added in any prior years.

Green Party Added to the Political Party Refund Check-off

The Green Party has been added to the list of political parties to which you may make a donation via your income tax return by means of the political party refund check-off.

New Credit for Making Contributions to the Military Family Relief Fund

An individual taxpayer may qualify for this credit if the taxpayer made a cash contribution to the Military Family Relief Fund. See Form 340 for more information.

Calculation of the Credit for Taxes Paid to Other States Simplified

The Arizona legislature amended the statutes that authorize a credit for taxes paid to other states or countries. This legislation clarified that the credit is computed using modified adjusted gross income rather than taxable income. There is now only one form, rather than four forms, for figuring this credit. Now, Arizona Form 309 is used by all taxpayers claiming this credit. For more information about calculating this credit, see Form 309 and Arizona Individual Income Tax Procedure ITP 08-1.

New Tax Treatment of Electing Small Business Trusts

An ESBT must file a single Arizona income tax return for fiduciaries, Arizona Fiduciary Income Tax Return (Form 141AZ). The ESBT must include the federal taxable income from both the S portion holding its S corporation stock and the non-S portion holding its other assets on its Form 141AZ. For more information, see Arizona Department of Revenue Ruling, FTR 07-1

Estates Filing Form 141AZ No Longer File Using the Decedent's SSN

A fiduciary filing an income tax return (Form 141AZ) for an estate now files using the employer identification number of the estate rather than the decedent's SSN.

Arizona and Federal Extensions for Form 141AZ Result in Different Extended Due Dates

A calendar year 2008 Arizona Form 141AZ filed under an Arizona extension (Form 204) will be due on October 15, 2009. However, a 2008 Arizona Form 141AZ filed under a federal extension will be due on September 15, 2009. To request a six month filing extension for Arizona Form 141AZ, a fiduciary must file Arizona Form 204.